

Appendix B

LTA REQUIREMENTS

I. Buyer agrees to purchase from Supplier, and Supplier agrees to sell to Buyer, at the prices set forth in Supplier's quote(s) identified on the face of this LTA, Buyer's actual requirements for the part(s) identified herein during the period of this Agreement, subject to the terms hereof. Buyer will issue individual purchase order releases for such requirements referencing this LTA, and Supplier agrees to accept such individual purchase orders.

A. Requirements. Subject to Paragraph B below, during the term hereof, Buyer agrees to purchase from Supplier and Supplier agrees to sell to Buyer the percentage set forth in A.1 below of Buyer's actual requirements for the part(s) covered in this LTA.

1. Percent of Requirements. The minimum percentage of Buyer's actual requirements to be placed with Supplier in accordance with Paragraph A is 100% unless otherwise noted.
2. Supplier's requirements in accordance with this section will be specified on a separate Delivery Schedule which Buyer will send to Supplier.
3. Part Substitution. In the event the parties mutually determine that a substitution of alternate part(s) for those covered by this LTA will better utilize Supplier's capabilities and assets, the parties agree to negotiate in good faith the substitution of such alternate part(s).
4. Review Of Plans Affecting LTA. Subject to any legal restrictions, Supplier agrees to discuss with Buyer Supplier's business and technical plans which are related to this LTA. Such discussions will include quality improvement, continuous improvement and cycle time reduction programs.
5. Review of Supplier Systems. Supplier agrees to allow Buyer to review Supplier's systems and practices connected with Supplier's continuous improvement program. Such reviews shall include, but are not limited to, Quality System Audits, Asset Management and Process Reviews. Supplier shall provide reasonable assistance to Buyer in conducting such reviews. The parties agree to work together to use reasonable actions to correct system deficiencies, including development of a time-phased closure plan.
6. Buyer's Supply Chain Initiatives. Supplier agrees to discuss in good faith participation in or implementation of Buyer's Supply Chain Initiatives. The parties agree to negotiate in good faith any resulting cost adjustments.
7. Supplier agrees to participate as requested in Buyer/Preferred Supplier forums servicing the Continuous Improvement Philosophy.

B. Limitations. The requirements to be placed with Supplier pursuant to Paragraph A are subject to the following exceptions:

1. Supplier's failure to meet Buyer's delivery schedule or non-conformance with any quality requirements.

2. Buyer's decision to make the part(s) internally rather than purchase the part(s) from outside sources.
3. Buyer's sourcing the part(s) to an engine program risk-sharing Collaboration Agreement partner in order to satisfy the terms of the Collaboration Agreement.
4. Buyer's sourcing the part(s) to a foreign entity in order to satisfy foreign offset or other purchase obligations.
5. A substantial risk that Supplier will be unable to perform if Supplier is unable to provide adequate assurances of performance to Buyer. This exception includes, but is not limited to, bankruptcy or other significant financial deterioration, significant strikes, incurrence of excusable delays, and government actions.
6. Significant technology breakthroughs which cause a material effect on the process or the part. In such a case the exception only applies to the part(s) affected by the breakthrough, and Buyer and Supplier agree to negotiate in good faith a modification to the LTA to adjust for the effects of such breakthrough.
7. An unforeseen, material change in circumstances which significantly affects this Agreement. In this case, Buyer and Supplier agree to negotiate in good faith a modification to the LTA to adjust for the effect of such change.

C. Replacement Business. In the event LTA part(s) are sourced to other than Supplier pursuant to Paragraph B.2, 3 or 4 above, Buyer will undertake reasonable efforts to substitute other business to replace the lost business.

D. Additional LTA Requirements.

1. Terms and Conditions of Purchase. All individual purchase order releases issued hereunder will be governed by Pratt & Whitney's published manual Terms and Conditions of Purchase (generally referred to as the "Blue Book") and Supplier agrees to accept such Terms and Conditions without objection, except as they may be specifically amended by the Terms and Conditions set forth in any Continuation Page(s) attached hereto.
2. Applicable Law. This LTA shall be interpreted in accordance with the plain English meaning of its terms and the construction hereof shall be governed by the laws of the State of Connecticut, United States of America.
3. Partial Invalidity. If in any instance any provision of this LTA shall be determined to be invalid or unenforceable under any applicable law, such provision shall not apply in such instance, but the remaining provisions shall be given effect in accordance with their terms.
4. Waiver. Buyer's failure to insist on performance of any of the terms and conditions herein or to exercise any right or privilege, or Buyer's waiver of any breach hereunder shall not thereafter waive any such terms, conditions, or privileges or any other terms, conditions, or privileges, whether of the same or similar type.
5. Merger. The terms and provisions contained herein constitute the entire agreement between the parties and shall supersede all previous communications, agreements, and representations, either oral or written, with respect to the subject matter hereof, and no agreement or understanding varying or extending this LTA shall be binding upon either

party hereto, unless in writing signed by duly authorized representatives of both parties. By signing this LTA the Supplier agrees to unconditionally accept all the LTA Requirements set forth above, except as they may be specifically amended by the terms and conditions set forth in any Continuation Page(s) attached hereto.

6. Indemnification. Supplier agrees to indemnify and hold harmless Buyer, its subsidiaries and affiliates and its respective officers, directors, employees, and agents from and against any and every liability, claim of liability, judgment, cost, expense, reasonable attorneys' fees, cause of action, loss or damage whatsoever including without limitation, death, or injury to any person or damage to any property, arising from any cause whatsoever as a result of Supplier's performance pursuant to this LTA or any purchase order issued hereunder provided always that same is due to any negligence, omission or fault of Supplier. In the event Buyer should bring an action for enforcement of this indemnification, Supplier agrees that Buyer shall be entitled to be awarded its reasonable attorneys' fees and costs.
7. Assignment. Except as provided herein, neither this LTA nor any interest hereunder shall be assignable by any party without the written consent of the other party. Supplier hereby consents to and agrees that Buyer may at any time assign this LTA or any interest hereunder to any Buyer affiliate or subsidiary which has the right to make and is intended to make Pratt & Whitney engines. Such assignment shall be without recourse to Buyer. Buyer hereby consents to and agrees that Supplier may at any time assign receivables due for LTA parts shipped to Buyer to any bank or other financial institution.